

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: November 17, 2003

SUBJECT: Fiscal Impact Statement: "Unclaimed Property
Demutualization of Proceeds Act of 2003"

REFERENCE: Bill Number 15 - 409 as Introduced

Conclusion

Funds are sufficient in the FY 2004 through FY 2007 budget and financial plan as agreed to by the Mayor and the Council of the District of Columbia to implement the provisions of the proposed legislation.

Background

Under current law an insurance company would hold abandoned proceeds for three years after the company converts from a mutual company to a stock company. Each policy holder has an ownership interest in the mutual company and, therefore is entitled to a share of the proceeds from the demutualization.

The proposed legislation would provide that unclaimed distributions from the demutualization be deemed abandoned one year after the date the assets can be made payable. The calendar begins on the first date of the first distribution and is presumed to be made payable to the owner(s) at the last address of record. The proposed legislation sets the conditions for identifying the owner of the distributions and all required timelines for communications.

Financial Plan Impact

Funds are sufficient in the FY 2004 through FY 2007 budget and financial plan to implement the provisions of the proposed legislation.